

## APPENDIX A

### THE DOCUMENTS

1. Contract Clauses. There are about 400 contract clauses listed in Part 52 of the FAR. Of those, over 100 are included in the "boiler plate" of construction contracts. We will only address the contract clauses that apply to the functional areas covered in this memorandum and are in primary need of discussion, as follows:

a. Changes (FAR 52.243-4). This clause gives the CO or the ACO the authority to make changes to the contract documents and is the clause under which most of our modifications are executed. It states that the CO may, at any time, make changes to the work within the general scope of the contract and that he will make an equitable adjustment to the contract price and time if necessary. This clause also covers any directive to accelerate the work to maintain the contract completion date.

b. Default (Fixed-Price Construction) (FAR 52.249-10). This clause states that, if the contractor fails to complete the work in the specified time, he may be terminated for default and the Government may take steps to have another contractor finish the job. However, this clause also allows the CO to grant a time extension for numerous unforeseeable causes that would exempt the contractor from default. These include two that we are primarily interested in, strikes and unusually severe weather. This clause can only give time; the Government cannot pay any costs incurred by the contractor resulting from these unforeseeable causes.

c. Differing Site Conditions (FAR 52.236-2). This clause provides payment for: 1) site conditions encountered that differ greatly from that shown on the contract, or 2) any abnormal conditions encountered that are not shown on the contract. Upon receipt of a timely written notice of such changed conditions, the contract can be modified under this clause to equitably change the cost and/or time, if necessary.

d. Suspension of Work (FAR 52.242-14). This clause pays all of the contractor's costs (excluding profit) incurred as a result of the Government's action that unreasonably prevents or delays the contractor from proceeding with his work. This clause allows for payment of costs only. Time is added under the default clause.

e. Variation in Estimated Quantity (FAR 52.211-18). This clause limits the overruns and underruns of the estimated quantities on the bid schedule to 15 percent before adjustment to the bid unit price can be accomplished. In the event of an overrun or an underrun, either the Government or the contractor can request an adjustment to the unit price. The adjustment must be based on any increase or decrease in costs due solely to the variation above 115 percent or

below 85 percent of the estimated quantity. In the absence of a demand by either party, an adjustment is not required.

f. Value Engineering-Construction (FAR 52.248-3). This clause allows the Government and the contractor to share in the instant contract savings resulting from a contractor's suggested change that would result in a functionally equal product for a lower cost.

g. Termination for Convenience of the Government (Fixed-Price) (FAR 52.249-2). This clause gives the Government the authority to terminate the contract, all or in part, if and when it is considered to be in the best interest of the Government to do so. The CO should exercise the authority to terminate for convenience only after proper authorization and instructions from the activity that requested that the contract be established.

## 2. Definitions.

a. A change order is a unilateral modification or the initial modification of an unpriced modification with a not-to-exceed (NTE) amount (first part of the old "two-part" modification). It is used to order the modification work to commence (NTP) and may be negotiated and result in execution as a bilateral modification.

b. A contract modification can either result from a bilateral agreement, executed with a signature from both the contractor and the Government, or a unilateral action (a change ordered by the CO or ACO, for which only the Government's signature is required). The contractor can dispute the unilateral action, however.

c. A "supplemental agreement" is used to add work to a contract that is outside the general scope of the contract and cannot be initiated without a Justification and Approval (J & A). By definition a supplemental agreement must be bilateral.

d. A unilateral modification is a change that is directed by the CO or ACO and does not require the signature of the contractor. This is used to issue administrative changes and to direct work when a settlement on price and/or time cannot be reached.

e. A "two-part" modification is an unpriced contractual instrument (UCA) change that directs the contractor to do the work before the final price and time are settled. The first part is a change order containing a scope of work and a statement directing the contractor to proceed. It further limits the cost of the modification to a NTE amount and states that another modification will be issued containing the final price and time. These modifications require prior approval before execution.

f. Administrative Modification. FAR 43.101 defines an administrative modification as a unilateral contract change that does not affect the substantive rights of the parties. The most common are changes to the paying office or changes to the appropriation data. An administrative modification can also be written for other changes to the non-technical contract provisions that are administrative in nature and do not affect either price or time.

3. Authorities and responsibilities for the administration of the construction contracts assigned to the Construction Division are passed down to the area and resident offices for execution in the field. A brief description of the authorities and responsibilities of the people involved with modifications follow:

a. The Contracting Officer (CO) is located in the District Office in the Contracting Division, is the sole authority on the contract, and responsible for assigning Administrative Contracting Officer authority to the qualified Area Office personnel.

b. The Administrative Contracting Officer (ACO) is given the authority by the Principal Assistant Responsible for Contracting (PARC) to direct additional work by written order under the contract clauses and up to the dollar amount, as provided on the warrant. The ACO is the contractual authority in the Area Office and has the responsibility to solve the day-to-day contract and administrative problems. The ACO may only change the contract by written order using the authority specifically authorized in the ACO warrant.

c. The Contracting Officer Representative (COR) is the technical advisor to the CO. The COR represents the Government on certain technical matters, has the authority to communicate to the contractor, and make contract interpretations in the field. The COR may not direct changes to the contract either verbally or in writing.

d. The Resident Engineer (RE) supervises the Government Quality Assurance Program and ensures that the Contractor Quality Control (CQC) Program is functioning properly (is usually COR on specified contracts).

e. All other Government employees in the field are void of authority to change the contract. Field representatives (Project engineers and construction representatives) do have responsibility for quality assurance under the Contractor Quality Control (CQC) Program. This responsibility is defined and discussed in quality management plans for each area office.

4. Modification Documents. The modification process is a very complicated but necessary system designed to ensure that changes are ordered with a clearly defined scope, fair pricing, and adequate funds. Also, the process is intended not to hinder the progress of the project. The area

offices are responsible for processing modifications to contracts that are assigned to the Construction Division. Following are explanations and examples of documents that are necessary to complete the modification package in the chronological sequence recommended by Construction Bulletin No. 98-9:

a. Background Material. Describes the need for the change, i.e. Necessity. This material can originate with either the contractor or the Government. Examples of this material are: (1) Notice of a differing site condition from the contractor; (2) Observation of the need for a change by either the contractor or the Government; (3) Observations made on the daily QC or QA log; (4) Requests made by the user/sponsor; (5) Value Engineering proposals made by either the Government or the contractor.

(1) Necessity for change should be a complete explanation of why the change has to be made and a brief description of the problem and how the modification is going to correct it.

(2) The reason for change for each modification is defined by a short title and code picked from a standard list:

<u>Code</u>	<u>Short Title Description</u>
1	- Engineering Changes, Including Possible and Confirmed A-E Fault
4	- User Requested Change
5	- Pre-Negotiated Contract Options Exercised After Award
6	- Miscellaneous Changes
7	- Differing Site Conditions not Readily Identifiable by Site Investigation
8	- Value Engineering Changes
9	- Administrative Change
E	- Weather or Act of Nature
G	- Deficient Government Furnished Property Corrections
Q	- Variations in Estimated Quantities
S	- Suspension of Work
T	- Termination of Work
V	- Construction Changes Necessary to Complete Contract

The selection of the Reason Code is extremely important to ensure cost and time growth are measured accurately, as the selection of the code determines whether the change is considered controllable or uncontrollable. The following table provides guidelines for selecting the appropriate "Reason Code." While the applicable FAR Clause is a general guide, if the clause does not exist in the contract specifications, you cannot use the associated reason code. See Figure A-1 for further definitions. All design deficiencies are coded "1 – Engineering Changes" except for errors in design on a Design-Build contract.

## Modification Reason Code Explanations

Applicable FAR Clause	Use/Explanation
<b>1 – Engineering Changes (Controllable)</b>	
52.243-4 Changes	Changes, accountable to the US Army Corps of Engineers, necessary to remedy deficiencies in the contract plans and specifications. This includes changes resulting from design errors for designs prepared by another agency or an A-E firm.
<b>4 – User Changes, Discretionary (Uncontrollable)</b>	
52.243-4 Changes	<p>Changes resulting from conditions differing from the original design, e.g. new federal regulation, code, criteria, mission changes, or enhancement. These changes must be directed or requested by a Government agency, using/programming command/service, or customer (other than Corps), and generally relate to ease of maintainability, operability, or an enhancement of quality of life for the user (soldier).</p> <p>Changes in regulations and code occurring AFTER design which are incorporated in the contract are user changes, as they are not mandatory changes (use Code V)</p>
<b>5 – Contract Option Exercised – After Award (Option)</b>	
52.217-7 Option for Increased Quantity – Separately Priced Line Item	<p>Exercised with construction funds after award of the basic contract. The option must be specifically identified in the original Bid Documents. May only be executed by the C.O.</p>

Figure A-1

Applicable FAR Clause	Use/Explanation
<b>6 – Miscellaneous Changes (Uncontrollable)</b>	
52.214-27 and 52.215.10 Price Reduction for Defective Cost or Pricing Data-Modifications- Sealed Bidding.	<b>A.</b> Decreases because of <i>inaccurate price</i> or description furnished by the contractor.
52.229-1 through 52.229- 10 (Taxes)	<b>B.</b> Increases in contractor <i>taxes and duties</i> .
52.236-11 Use and Possession Prior to Completion	<b>C.</b> Increases resulting from Government delays to the progress of work, loss or damage to the work resulting from the <i>Government's possession</i> or use, while the Government had possession or use of completed or partially completed parts of the contractor's work.
52.246-12 Inspection of Construction	<b>D.</b> Decreases for <i>inspection</i> , replacement, or correction of defective work.
Various other	Any other UNCONTROLLABLE change not falling into one of the other categories. This must be fully explained in the Necessity For Change in the BCD.
<b>7 – Differing Site Conditions (Uncontrollable)</b>	
52.236-2 Differing Site Conditions	Subsurface or other latent physical conditions at the site which differ materially from those indicated in the contract or unknown, unusual physical conditions at the site which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in the contract.
<b>Q – Variations in Estimated Quantities (Uncontrollable)</b>	
52.211-18 Variation in Estimated Quantities	For overruns and underruns of quantities included in the contract. The quantities MUST be listed as Contract Line Items and entered as such in RMS.

Figure A-1 (Cont'd.)

<b>Applicable FAR Clause</b>	<b>Use/Explanation</b>
<b>8 – Value Engineering Change (Controllable)</b>	
52.248-3 Value Engineering	Change that results in reducing the contract price or estimated cost without impairing essential functions or characteristics.
<b>9 – Admin Change, Address Change, Etc (Uncontrollable)</b>	
Administrative Changes as defined in 43.101	Contract change that does not affect the substantive rights of the parties; <i>e.g.</i> , a change in the paying office, appropriation data, contractor address change, funding change (i.e. continuing authority civil contracts), etc. The change <b>MUST</b> be for no cost and no time extension. May only be issued by the C.O.
<b>E – Weather or Act of Nature (Uncontrollable)</b>	
52.249-10 Default (Fixed-Price Construction)	A change in the contract period for weather, strikes, fires, epidemics, freight embargoes, material or supply shortages, delays of subcontractors or suppliers, and other events which are determined to be “beyond the control and without fault or negligence of both the contractor and the subcontractors or suppliers.” The change <b>MUST</b> be for no cost.
<b>G – Deficient Government Furn. Property (Controllable)</b>	
52.245-2, 52.245-4 Government Furnished Property	Corrections in deficiencies in equipment or property supplied by the Government, including delays. This is normally reserved for execution by the C.O.
<b>S – Suspension of Work (Controllable)</b>	
52.242-14 Suspension of Work	Temporary work stoppage on all or part of a contract with the intent of restarting work at a later date.
<b>T – Termination of Work (Controllable)</b>	
52.249-2 Termination for the Convenience of the Government	Permanent work stoppage on all or part of a contract by deleting a portion of the scope from the contract requirements. May only be executed by the C.O.
<b>V – Construction Changes (Controllable)</b>	
52.243-4 Changes	Other <b>MANDATORY</b> changes not falling into one of the other reason codes. Changes in regulation and/or code occurring <b>AFTER</b> design, which are <b>REQUIRED</b> to be incorporated into the contract (NOT requested by user). The reason for selecting this code <b>MUST</b> be provided in the Necessity for Change block of the BCD.
52.233-1 Disputes	Since claims determined to have merit generally result from an error on the part of the Corps (e.g. misinterpretation of the contract plans or specs), most claims are coded “V”.

Figure A-1 (Cont'd )

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**NECESSITY FOR THE CHANGE**

FAMILY HOUSING REPLACEMENT  
Minot AFB, ND

**Contract DACA05-01-C-0002**  
**Modification R00021**  
**Revise tubs on accessible units**

R&R Joint Venture  
Minot, ND

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This modification is required due to “**Construction Changes Necessary to Complete Contract**”, RMS reason code “V”, and is made pursuant to contract clause "CHANGES." By definition, this is considered to be a controllable modification for reporting purposes.

This modification revises the contract to require that the bathtubs be handicap accessible at time of construction for the accessible units. The cost and time impacts to the Base housing office to change the bathtubs to handicap accessible at the time of occupancy, rather than construction, are much larger.

Figure A-2



b. Independent Government Estimate (IGE). This is a document prepared to show what the Government estimates the cost of the change to be. This can also include an estimate of the time it will take to complete the modification work when incorporated into the contractor's schedule. The IGE is required for all modifications anticipated to cost \$100,000 or more. Also, an IGE may be done for modifications less than \$100,000 at the discretion of the ACO. Engineering Division, Cost Engineering Branch will be the Cost Engineer (CE) on all modifications that exceed \$100,000. For modifications that do not exceed \$100,000, the preparation of the cost estimate may be assigned to the designated responsible Area personnel (AR 415-15, Army Military Construction Program Development and Execution). This estimate may be used initially in requesting funds, but is primarily used as the basis of the prenegotiation objectives. The preparer and approver must sign and date the IGE prior to receipt of the contractor's proposal. Once the IGE is complete, it is a confidential document and, as such, must be protected until after negotiations. DA Label 87 For Official Use Only (FOUO) must be used as a cover sheet and each sheet of the estimate must be stamped FOUO. Following is a discussion on the costs that are considered allowable in the preparation of the IGE for use in modification price negotiations. These costs are for labor, material, equipment, overhead, other costs and profit.

(1) Labor costs are allowed as the number of manhours that each craft will take to do the work based on estimating guides, historical data, or a specific task time-and-motion study. The hourly rate for each craft is based on certified payrolls, Davis-Bacon rates, estimating guides or historical data.

(2) Material costs are allowed as the bottom-line cost to the contractor based on estimating guides, quotes from suppliers or historical data. The cost of the material must include all reductions for discounts, rebates, etc., that the contractor receives or will receive from the supplier.

(3) Equipment costs are allowed if they are required to perform work that is a part of the modification and are allowed only for the hours it is estimated to take to do the work. The requirements are specified in the special clauses of the contract; the Equipment Ownership Guide (EP 1110-1-8) will be used to price the owned equipment and, if the equipment were rented, a phone call to a local equipment renter would be appropriate.

(4) Overhead is an indirect cost and it is called Home Office Overhead or General and Administrative Overhead (G&A). It is not readily identifiable to any task connected to the modification work, yet it is a cost that is allowable and is routinely paid as a percent of cost of the modification.

(5) Contractor general conditions for field office support costs such as utilities, office

trailers, etc., almost always are applied to job costs using one of two methods.

(a) Method 1 - A contractor recoups costs for extended field overhead only on a modification, which extends the contract duration. The contractor proposes direct costs, usually using a daily flat rate, for extended field overhead for the duration of the contract extension. This is the most common method.

(b) Method 2 - Some contractors estimate and account for their field office support costs utilizing an indirect cost approach. In this method, the contractor calculates an indirect rate percentage by dividing historical field overhead costs by revenue (similar to G&A). This field overhead percentage is applied to every modification issued under the contract similar to the G&A percentage. By this method the contractor recoups all its field overhead costs (to include those incurred by a contract extension) under every modification. This method, although less commonly used, has been established by court precedence and is allowable. It must be emphasized that if a contractor elects to utilize this method, it must be done at the beginning of the contract. The contractor must be made fully aware that it cannot utilize both methods within the same contract. In other words, if the contractor proposes its field overhead costs as a percentage on all modifications, it cannot propose extended field overhead costs for application as calculated under method 1.

(6) Profit is calculated using the weighted guidelines method that is explained in a Special Clause of the contract. The methodology below is the standard for construction and consistent with EFARS 15.404-73, Alternative Structural Approach.

<u>Factor</u>	<u>Rate*</u>	<u>Weight Value</u>	
Weight Range		(.03-.12)	
Degree of Risk	20	.05	1.00
Relative Difficulty of work	15	.10	1.50
Size of Change	15	.08	1.20
Period of Performance	15	.08	1.20
Contractor's Investment	5	.05	0.25
Assistance by Government	5	.05	0.25
Subcontracting	<u>25</u>	.10	<u>2.50</u>
	100		7.90

\*The rate values do not change for individual projects or modifications

Based on the circumstances of each procurement action, each of the above factors shall be

weighted from .03 to .12 as indicated below. The value shall be obtained by multiplying the rate by the weight. The value column when totaled indicates the fair and reasonable profit percentage under the circumstances of the particular procurement.

(a) Degree of Risk - where the work involves no risk or the degree of risk is very small, the weighting should be .03; as the degree of risk increases, the weighting should be increased up to a maximum of .12. Lump sum items will have, generally, a higher weighted value than the unit priced items for which quantities are provided. Other things to consider: the portion of the work to be done by subcontractors, nature of work, where work is to be performed, reasonableness of negotiated costs, amount of labor included in costs, and whether the negotiation is before or after performance of work.

(b) Relative Difficulty of Work – Use judgment to determine a weight between .03-.12. If the work is difficult and complex, the weight should be .12. The weight should be proportionately reduced to .03 on the simplest of projects.

(c) Size of job - All modification work not in excess of \$100,000 shall be weighted at .12. Work estimated between \$100,000 and \$5,000,000 shall be proportionately weighted from .12 to .05.

(d) Periods of Performance – Modifications in excess of 24 months are to be weighted at .12. Jobs of lesser duration are to be proportionately weighted to a minimum of .03 for jobs not to exceed 30 days. No weight is given where additional time is not required.

(e) Contractor's Investment - To be weighted from .03 to .12 on the basis of below average, average and above average. Things to be considered: amount of subcontracting, mobilization payment item, Government furnished property, equipment and facilities, and expediting assistance.

(f) Assistance by Government - To be weighted from .12 to .03 on the basis of average to above average. Things to consider: use of Government-owned property, equipment and facilities, and expediting assistance.

(g) Subcontracting - To be weighted inversely proportionate to the amount of subcontracting. Where 80 percent or more of the work is to be subcontracted, the weighting is to be .03 and such weighting proportionately increased to .12 where all the work is performed by the contractor's own forces.

c. Verification of Budgeted Funds. Documentation should be included, indicating funds in an

amount equal to or greater than the Government's estimate of the work (for the entire modification) at the time they are budgeted. Appropriate funds as to purpose, time and amount, should be recorded and budgeted prior to issuance of the RFP. An appropriate documentation record would show the funds budgeted against the modification, such as a print screen of the modification update screen from the Contract Management System (CMS), after the funds requested have been approved by the program analyst thus incorporating it into the current working estimate (CWE) for the project funding the contract. See Figure A-11.

d. Request for Proposal. The RFP is the document that is sent to the contractor to communicate the changes that are to be made and asks the contractor to submit a cost and time proposal in sufficient detail for analysis and negotiations. It is usually dated after the budgeted document. It consists of a scope of work, drawing changes, and specification changes that describe in detail how the contract documents are being changed by this modification. It is forwarded by a transmittal page that tells the contractor the date we expect him to forward his proposal. The RFP does not direct the contractor to do any work, it merely asks him to submit a proposal, however, it is recommended that it be signed by an ACO.

(1) The transmittal page is the notice to contractor on use of RFP. Along with the RFP it forwards a page 2, entitled "Contractor's Proposal" and requires the proposal to be submitted in accordance with the Modification Proposal - Price Breakdown clause by a certain date, usually two to four weeks from the RFP date.

(2) The RFP asks the contractor to submit a price and time proposal for the changes described therein.

(a) The item, "scope", is the general title of the entire modification and is not intended to describe any work to be done. This title, word for word, is used as the scope on the RFP and on page 2 of the SF30, as the pay item description on the SF30, and in CMS or any other status reports.

(b) The specification changes must be stated in a manner such that, when posted to the contract specification section, a complete and coherent document remains.

(c) The drawing changes can be made in several ways and are listed in order of preference.

(1) Narrative description of the change that is made on a drawing.

(2) Sketch showing how a particular area on a drawing is changed.

(3) Reissued or revised drawing with identifying marks where the changes were made on the drawing.

(4) Issuing of a new drawing.

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## CONTRACT MODIFICATION REQUEST FOR PROPOSAL

Contractor <b>R&amp;R Joint Venture</b> <b>P.O. Box 2045</b> <b>Minot, ND 58702-2045</b>	Contract Number  <b>DACA05-01-C-0002</b>	Modification Number  <b>R00021</b>
	Project Description & Location <b>Family Housing Replacement</b> <b>Minot AFB, ND</b>	

A proposal is requested for making the following described change in accordance with the specification and drawing revisions cited below or listed in any attachment. Submit your proposal on the attached form titled "Contract Modification Proposal" and attach a detailed breakdown of prime and subcontract costs. See the clause of this contract entitled "Modification Proposals - Price Breakdown". DO NOT start work under this proposed change until you receive a modification signed by the Contracting Officer or a directive to proceed by the Contracting Officer.

February 4, 2002

**Lawrence C. Jackson**, Chief, Ofc Engr Br.

Date	Typed Name and Title	Signature
DESCRIPTION OF CHANGE: Pursuant to the clause of this contract entitled "Changes" or "Differing Site Conditions", the contractor shall furnish all plant, labor, and material, and perform all work necessary to accomplish the following described work:		

1. **SCOPE:** Revise tubs on accessible units.

2. **SPECIFICATION CHANGES:** Revise specification paragraph 01011-2.a.(2).(a). to read:

"2.a.(2).(a). Accessible housing units shall be designed in such a way that they may be easily and readily modified to accommodate physically challenged occupants, if necessary, at the time of occupancy. This means required access clearances, room sizes, bathroom layout, kitchen layout, doors and hardware, grab bars, plumbing hookups, light switches and outlets, controls, warning devices, bath tubs (and their controls and shower units) must meet requirements at the time of construction. Readily modifiable means that requirements for adjustable height cabinets and work surfaces, plumbing fixtures (except bath tubs) and the warning devices for the hearing and visually impaired can be made either at the time of construction or at the time of occupancy."

3. **DRAWING CHANGES:** None.

NOTICE TO CONTRACTOR ( Figure A-3

R PROPOSAL

## R&R JOINT VENTURE

CONTRACT NUMBER:  
**DACA05-01-C-0002**

MODIFICATION NUMBER  
**R00021**

1. The attached Request for Proposal is for use in requesting proposals on changes under the Changes clause of your contract.
2. It is requested that your proposal on page 2 entitled **Contractor's Proposal** be submitted no later than **March 6, 2002**. A detailed breakdown of your proposal is required by the Contract Clause, "Modification Proposals - Price Breakdown." If the space on the form is insufficient, the breakdown may be submitted on separate sheets. Please note that if a time adjustment is proposed, justification must be furnished.
3. The original and one copy of the proposal form should be signed at the bottom of page 2, dated, and returned to the Corps of Engineers, Black Hills Area, 2100 South 7th Street, Suite L-17, Rapid City, South Dakota 57701-2937.
4. Negotiations, if necessary, will be scheduled following receipt of your proposal. When this modification is finalized it will be executed on a Standard Form 30.

Figure A-3 (Cont'd.)

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<div style="text-align: center;"><b>INSERT SKETCH IMAGE HERE</b></div> <div style="text-align: center;"><b>BATHROOM FIXTURES LAYOUT</b></div>		BLACK HILLS AREA <b>REVISE TUBS ON ACCESSIBLE UNITS</b>	DRAWING NUMBER <b>AF 123-45-67</b>
			SHEET <b>A1.01</b>
 US Army Corps of Engineers Omaha District <small>BLACK HILLS AREA OFFICE</small>	CONTRACT NUMBER <b>DACA05-01-C-0002</b>	MODIFICATION NO. <b>R00013</b>	
	PROJECT <b>FAMILY HOUSING REPLACEMENT</b>	DATE <b>04 FEB 2002</b>	
	LOCATION <b>Minot AFB, ND</b>	SKETCH NUMBER <b>R/21-1</b>	

Figure A-3 (Cont'd.)



e. Basic Change Document (BCD). The BCD is a Resident Management System (RMS) document that incorporates the description of change, necessity for change, control dates (schedules for completion of specification and drawing changes), and the change classification. Even though RMS allows multiple BCDs within a change request, it is recommended that only one BCD be created that incorporates multiple scope change items. This document is designed for internal change administration purposes. It may be included in the construction contract modification official file package as back up documentation at the option of the office engineer – but is not mandatory. It should be understood that RMS change request business process allows more than one change request to be incorporated into a contract modification, and that there are separate numbering schemes for change requests vs. modifications. It is recommended that only one change request number be incorporated into a modification number as a best business practice.

f. Numbering Conventions - Change Request, Modification and Contract Modification Pay Item. The numbering for these items shall follow standardized conventions on all related documents and in automated systems recording. The location of designated numbers must also match the appropriate block number on the GSA Standard Form 30.

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BASIC CHANGE DOCUMENT (BCD)										Page 1 of 3	
MOD SERIAL NO. CR021				CONTRACT NO. DACA05-01-C-0002 NA				INCEPTION DATE 04 Feb 2002		DATE COMPLETED 04 Feb 2002	
PROJECT LOCATION Minot Family Housing Replcmnt, Minot Minot AFB, ND								CONTRACTOR R&R Joint Venture			
PART A. 1. DESCRIPTION OF CHANGE										2. SPEC/DWG	
R e v i s e t u b s o n a c c e s s i b l e u n i t s											
<p>1. Revise tubs on accessible units Revise tubs on accessible units</p> <p>Initial Estimate: \$5,000.00                      Time Extension: 0 Days</p> <p>CHANGE IN DRAWINGS None</p> <p>CHANGE IN SPECIFICATIONS 2. SPECIFICATION CHANGES: Revise specification paragraph 01011-2.a.(2).(a). to read:</p> <p>"2.a.(2).(a). Accessible housing units shall be designed in such a way that they may be easily and readily modified to accommodate physically challenged occupants, if necessary, at the time of occupancy. This means required access clearances, room sizes, bathroom</p>											
<p>3. TIME EXTENSION    <input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO    CALENDAR DAYS    0    TOTAL    \$5,000.00</p>											
<p>5. NECESSITY FOR CHANGE (Attach a copy of Director's letter of authority from DDE to the Engineering Service as to necessity of contract action. Include any special construction requirements or known quantities. Include any information regarding status of work in progress and future activities that will be affected by this change.)</p> <p>1. Revise tubs on accessible units Construction change This modification is revised to require that the bath tub be handicap accessible at time of construction for the accessible units.</p>											
PART B. 1. CONTROL DATES										2. FUNDS STATUS	
ITEM REQUIRED	YES	NO	DATE REQUIRED	ACTION REQUIRED BY		FUNDS RESERVED <input type="checkbox"/>					
PLANS		X				FUNDS COMMITTED <input type="checkbox"/>					
SPECIFICATIONS		X				NOT AVAILABLE <input type="checkbox"/>					
COST ESTIMATE		X				FUNDS BEING REQUESTED <input type="checkbox"/>					
MODIFICATION	X		14 Feb 2002	Budd		DESIGN FUNDS REQUESTED <input type="checkbox"/>					
REQUESTED BY			RECOMMENDED APPROVAL BY				CHANGE APPROVED BY				
Bret Budd			Bret Budd				Bret Budd				

RMS FORM 747

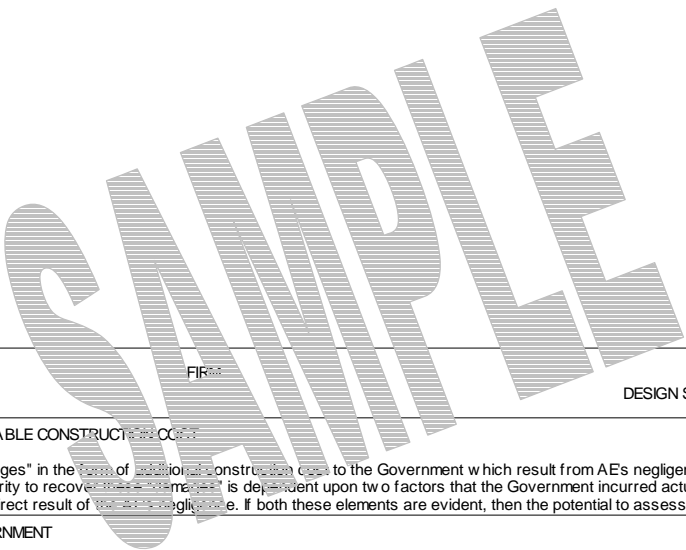
Figure A-4  
A-18

BASIC CHANGE DOCUMENT (BCD)			Page 2 of 3
MOD SERIAL NO. CR021	CONTRACT NO. DACA05-01-C-0002 NA	INCEPTION DATE 04 Feb 2002	DATE COMPLETED 04 Feb 2002
PROJECT LOCATION	Minot Family Housing Replcmnt, Minot Minot AFB, ND		CONTRACTOR R&R Joint Venture
PART A. 1. DESCRIPTION OF CHANGE (Continued)			
<p>layout, kitchen layout, doors and hardware, grab bars, plumbing hookups, light switches and outlets, controls, warning devices, bath tubs (and their controls and shower units) must meet requirements at the time of construction. Readily modifiable means that requirements for adjustable height cabinets and work surfaces, plumbing fixtures (except bath tubs) and the warning devices for the hearing and visually impaired can be made either at the time of construction or at the time of occupancy."</p>			

RMS FORM (Continued)

Figure A-4 (Cont'd.)

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BASIC CHANGE DOCUMENT (BCD)			Page 3 of 3
MOD SERIAL NO. CR021	CONTRACT NO. DACA05-01-C-0002 NA	INCEPTION DATE 04 Feb 2002	DATE COMPLETED 04 Feb 2002
<b>PART C. CHANGE CLASSIFICATION</b>			
		<input checked="" type="checkbox"/> <b>C</b> CORPS OF ENGINEERS	<input type="checkbox"/> <b>T</b> OTHER
		<input type="checkbox"/> <b>U</b> USING SERVICE	<input type="checkbox"/> <b>K</b> CONTRACTOR
21. SECTION I			
22. SECTION II REASON CODE V Construction Changes			
23. SECTION III REASON FOR CHANGE			
			
24. SECTION IV DESIGNER			
		FIRM	DESIGN SEC
25. SECTION V RECOVERABLE CONSTRUCTION COST			
GUIDELINES: The AE is liable for any "damages" in the form of additional construction cost to the Government which result from AE's negligent performance. The Government's legal authority to recover these damages is dependent upon two factors that the Government incurred actual damages, and that these damages were a direct result of the AE's negligence. If both these elements are evident, then the potential to assess the AE exists.			
A. DAMAGES TO THE GOVERNMENT			
B. AE IS RESPONSIBLE			
C. AE NEGLIGENCE			
D. POTENTIAL TO ASSESS THE AE			
26. SECTION V III			

RMS FORM (Reverse)

Figure A-4 (Cont'd.)

## Numbering Conventions and Location on Source Documents Change Request, Modification, Pay Item

Document or Item and References	Use/Explanation
<b>Change Request Numbering</b>	
RMS Users Manual	<b>RMS and documents:</b> Use two (2) alpha characters designating a change request (CR) followed by five (5) numeric characters identifying the next sequential change request number. For example: CR00021 will designate change request no. 21.
<b>Modification Numbering</b>	
RMS Users Manual DFARS 204.7004	<b>Construction systems and documents:</b> Use one (1) alpha character designating the construction modification (R) followed by five (5) numeric characters identifying the next sequential construction contract modification number. For example: R00021 for construction contract modification number 21.  <b>Contracting systems and documents:</b> Conventions for Standard Procurement System (SPS) modification numbers generated and referenced in SPS and its documents are found in DFARS.
<b>Pay Item Numbering</b>	
RMS Users Manual	<b>RMS and RMS documents:</b> RMS designates each construction contract pay item as a contract line item (CLIN) and incorporates a numbering convention. In RMS use a total of 6 characters for modification pay items; the first four (4) numeric characters designate the construction contract modification number. The 5th character is alpha and designates that the pay item is a modification pay item with an "M". The 6 <sup>th</sup> and last character is numeric and is the next sequential pay item number within the modification. For example, the first pay item for modification number R00021 would be CLIN No. 0021M1.  <b>CMS and MSWord Documents or Form Flow:</b> Use a similar convention as follows: the first pay item for modification number R00021 would be 21M-1.

Figure A-5

## Numbering Conventions and Location on Source Documents Change Request, Modification, Pay Item

Number Locations on Source Documents	
RMS Users Manual	<p><b>Change request number.</b></p> <p>The change request number is recorded on the Standard Form 30, block 14, within the “Scope of Work” paragraph. This is optional, but included automatically in RMS generated documents.</p>
RMS Users Manual	<p><b>Modification number.</b></p> <p>The construction contract modification number used within construction-automated systems is recorded on the GSA Standard Form 30 within block 14, the second line down (first line is the contract description and location).</p> <p>The SPS modification number is recorded on the Standard Form 30 within block 2.</p>
RMS Users Manual	<p><b>Pay Item number.</b></p> <p>The pay item number is recorded on the Standard Form 30 within block 14, paragraph D. “Change in contract price”.</p>

Figure A-5 (Cont’d.)

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g. Contractor's Proposal including cost or pricing data, if appropriate. For modifications exceeding \$550,000, a Certificate of Current Cost and Pricing Data shall be executed by the contractor (FAR 15.403-4).

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#### CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, the cost or pricing data (as defined in section 15.406-2 of the Federal Acquisition Regulation (FAR) and required under FAR subsection 15.403-5) submitted, either actually or by specific identification in writing, to the Contracting Officer or his representative in support of Modification P00006 to contract DACA45-93-C-0097\*, are accurate, complete and current as of 29 December 1993\*\*. This certification includes the cost or pricing data supporting any advance agreements and forward pricing rate agreements between the offeror and the Government that are part of the proposal.

FIRM: BUILDING CONSTRUCTORS, INC.

NAME: FRED JONES

TITLE: PRESIDENT

SIGNATURE:

DATE OF EXECUTION: 30 December 1993\*\*\*

\* Identify the proposal, giving the appropriate modification and contract number.

\*\* Insert the date when negotiations were completed and agreement was reached.

\*\*\* Insert the date of signature, which should be as close as practicable to the date when the agreement was reached.



h. Proposal analysis for fixed price construction contracts should consist of the following:

(1) Price analysis is the evaluation of the price with little consideration of the individual cost elements. This method usually compares the IGE with the proposal to determine the reasonableness of the proposal's total price.

(2) Cost analysis is an examination of the individual components and profit of the contractor's proposal. It is also used to verify questionable elements of the price. A cost analysis is required when cost or pricing data is submitted as part of the contractor's proposal, and is the preferred method of analysis of the proposal for all modifications.

(3) Technical analysis is an analysis of the technical aspects of the work to be done including both the materials and the construction procedures. It is the primary process used to evaluate the contractor's proposal to verify the scope, materials and methods that form the basis for the factual costs, and the indirect costs such as overhead. The technical analysis explains, to non technical people, what the change is technically all about. This is accomplished by describing the changes that are being made, the crafts that are involved, and comparing the Government estimate to the contractor's proposal and noting the major differences. The use of a computer-generated spreadsheet has become very useful in making the analysis. By setting up all the cost items from the contractor's proposal and entering the GE costs on the same line items, a direct comparison can be made as to the costs, item by item, and the negotiation objectives can be easily determined. FAR 15.4041 defines Technical Analysis as "the examination and evaluation by personnel having specialized knowledge in engineering or management of proposed quantities and kinds of materials, labor, facilities and associated factors set forth in a contractor's proposal in order to determine and report on the need for and reasonableness of the proposed resources assuming reasonable economy and efficiency."

(4) The audit is actually part of the cost analysis, and is supported by the technical analysis.

(5) Time Analysis. The specification requires that the contractor submit a schedule in great detail of how the project will be built and how it will progress during the course of the contract. Periodic progress updates are required. This schedule is usually to be prepared in the form of a computer generated NAS or sometimes a bar chart.

(a) Whatever the required format, we can use this schedule to determine if the contractor is due a time extension because of the work added by a modification. A special clause in Section 01100, usually clause 27, spells out the requirements for the schedule.

(b) When a modification is issued, we can insert the time it will take to perform the work

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into the proper activities and determine if the schedule is affected by our change and to what extent. If the contract time is extended by the modification work, it is justified then to add time to the contract by that modification.

(c) There are many ways to analyze the schedule and each Area should establish an acceptable procedure to do so taking into account the sophistication of the schedule and the people available to perform the analysis.

**PROPOSAL ANALYSIS**  
FAMILY HOUSING REPLACEMENT  
Minot AFB, ND

**Contract DACA05-01-C-0002**  
**Modification R00021**  
**Revise tubs on accessible units**

R&R Joint Venture  
Minot, ND

---

The contractor was sent a request for proposal on February 4, 2002, with a proposal due date of March 6, 2002.

The contractor submitted his proposal, via e-mail, on March 2, 2002. The amount of the contractor's proposal was \$28,297.00 INCREASE, with no additional contract time.

The contractor's proposal was reviewed in detail by the undersigned. This review consisted of checking each proposed work item to verify that it was a requirement of the modification scope. Also, the proposal was checked for reasonableness, omissions and/or duplications, math errors, takeoff quantity errors, unit prices and markups. Adequate cost and pricing data was provided. This review resulted in the following prenegotiations objectives:

The mechanical subcontractor is not showing a credit for the non-ADA tub walls that will not be installed. If the contractor has already purchased all the tub walls for the contract, then the unused tub walls need to be turned over to the Government. The same applies for the tub and shower doors as well as the faucets.

**TIME**

The critical path on this project is the framing and erection of the units. This minor work on the handicap accessible units will not impact any of the critical path activities, or the completion of the project. Therefore, no additional contract time was requested by the contractor nor is justified.

Date: March 7, 2002	Prepared By: <b>BRET T. BUDD, PE</b> Civil Engineer/Negotiator	SIGNATURE:
------------------------	--	------------

Figure A-7

i. Prenegotiation Objectives Memorandum (POM) is formulated once the proposal analysis is completed, but prior to negotiations. The POM should explain how the objectives were arrived at and cite the appropriate supporting material. These objectives are required for all modifications regardless of monetary value, and should be a separate document, clearly titled and dated prior to negotiations. It is a list of the items that should be discussed during negotiations, what the negotiated fair and reasonable price should be for those items, and more importantly what the negotiated fair and reasonable price is for the entire modification. Prenegotiation objectives should be prepared for all modifications, regardless of the monetary value.

(1) FAR 15.406-1 states that negotiation objectives help judge the reasonableness of the contractor's proposal and negotiate a fair and reasonable price. Negotiation objectives shall analyze the contractor's proposal, taking into account any audit report, technical analysis and other pertinent data such as independent Government estimate and price histories.

(2) It is our policy that negotiation objectives shall be established before the negotiation of any modification and shall address the issues to be negotiated, the costs objectives and a profit objective. The depth of the analysis is related to the dollar amount of the modification. Ideally, the negotiator should be able to establish a set of negotiation objectives and, after the negotiation session is over, have a bilateral settlement with a statement in the record that all the objectives were met. It is, however, not necessary to meet each and every objective, as long as the overall negotiated amount is fair and reasonable and the unmet objectives are explained.

**PRENEGOTIATION OBJECTIVES MEMORANDUM**  
FAMILY HOUSING REPLACEMENT  
Minot AFB, ND

**Contract DACA05-01-C-0002**  
**Modification R00021**  
**Revise tubs on accessible units**

R&R Joint Venture  
Minot, ND

---

The following negotiation objectives follow the same order as they were presented in the Proposal Analysis.

The mechanical subcontractor must give a credit for the non-ADA tub walls, tub and shower doors, and faucets.

TIME

No change in contract time is justified.

Date: March 7, 2002	Prepared By: <b>BRET T. BUDD, PE</b> Civil Engineer/Negotiator	SIGNATURE:
------------------------	--	------------

Figure A-8

j. Price Negotiation Memorandum (PNM) is a complete record of the negotiations that documents the principal elements of the negotiated agreement, and explains the rationale behind the final settlement of the price and time. Examples of the different PNMs are included with each of the modification types later in this memorandum. The PNM is a complete history of who attended the negotiations; when and where the negotiations were held; the history of the submission of the contractor's proposals and how they affected the negotiations; and how the final price and time was negotiated with specific references to the negotiation objectives, if appropriate. There should be a statement, signed and dated by the Government negotiator, that the price and time represent a fair and reasonable settlement. On modifications exceeding \$500,000, there must be documented discussion of each negotiation objective.

**PRICE NEGOTIATION MEMORANDUM**  
FAMILY HOUSING REPLACEMENT  
Minot AFB, ND

**Contract DACA05-01-C-0002**  
**Modification R00021**  
**Revise tubs on accessible units**

R&R Joint Venture  
Minot, ND

---

All negotiations were held via telephone and concluded on March 14, 2002. The parties in the negotiations were:

<u>Organization/Location</u>	<u>Name</u>	<u>Title</u>	<u>Phone No.</u>
R&R Joint Venture Minot, ND	Stu Sautner	Project Manager	(701)839-6525
Minot Plumbing & Heating Minot, ND	Dean Eman	Vice-President	(701)838-8612
Corps of Engineers Rapid City, SD	Robert Fox	Mechanical Engineer	(605)341-3169
Corps of Engineers Rapid City, SD	Bret Budd	Civil Engineer	(605)341-3169

During negotiations, the contractor revised his proposal from \$28,297.00 increase to \$19,020.00. This change was due to reducing the quantity of tub walls to only those that have to be removed and replaced. The contractor also provided a credit for tub and shower doors that will not be installed. The faucets will be turned over to the Government.

**TIME**

No additional contract time was requested nor is justified. This modification does not impact the critical path activities of framing the units, nor does it impact the contract completion date.

The contractor's project manager will submit a subnet for approval prior to the next NAS update.

Figure A-9

PRICE NEGOTIATION MEMORANDUM

Page 32 of 2

Project FAMILY HOUSING REPLACEMENT Minot AFB, ND	Contract Number DACA05-01-C-0002	Modification R00021
--	-------------------------------------	------------------------

**MEMORANDUM OF UNDERSTANDING**

At the conclusion of negotiations on March 14, 2002, a memorandum of understanding was prepared and signed by the Government's negotiator, Bret Budd. This memorandum was faxed to the contractor. The contractor's partner, Ronald R. LaCount, signed the MOU and faxed it back to Black Hills Area Office on March 15, 2002.

**THE NEGOTIATED SETTLEMENT.**

As the price of this modification is less than \$100,000, preparation of a Government estimate is waived pursuant to EFAR 36.203. Taking into consideration the scope and scheduling of the work, current pricing on labor and materials and other pertinent factors, the final settled price of \$19,020.00 INCREASE and no change in contract time, is considered fair and reasonable.

SAMPLE

Date: March 18, 2002	Prepared By: <b>BRET T. BUDD, PE</b> Civil Engineer/Negotiator	SIGNATURE:
-------------------------	--	------------

Figure A-9 (Cont'd.)



MEMORANDUM OF UNDERSTANDING	
DATE <b>9 December 2003</b>	MODIFICATION <b>R00021</b>
CONTRACT NUMBER <b>DACA05-01-C-0002</b>	AREA OFFICE <b>BLACK HILLS AREA OFFICE</b>
PROJECT AND LOCATION <b>FAMILY HOUSING REPLACEMENT, Minot AFB, ND</b>	
The following price and time are agreed to in full settlement for all work under this modification, including any revision noted below and under "Revised Scope".	
PRICE: <b>\$19,020.00 INCREASE</b>	
TIME (Cite each schedule): <b>NO CHANGE</b>	
SCOPE: <b>SEE ATTACHED</b>	
It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and extended field overhead and home office overhead.	
GOVERNMENT REPRESENTATIVE <b>BRET T. BUDD, PE</b> Civil Engineer/Negotiator	CONTRACTOR REPRESENTATIVE <b>RONALD R. LACOUNT, PE, LS</b> Partner
EXCEPTIONS: Subject to the approval of the Contracting Officer and the availability of funds.	

Figure A-10

k. Purchase Request and Commitment (PR&C) from the Corps of Engineers' Financial Management System (CEFMS) should be printed out and included in the modification package. The PR&C must be certified and must also make reference to the modification in the notes.

l. Modification (SF-30) signed by the contractor and the contracting officer. This document is a complete detailed statement of work to be done as a change to the basic contract. Also, it usually serves as the Notice to Proceed (NTP).

m. Modification Cover Sheet. This is a document that is required on modifications with an aggregate proposed costs over \$500,000. The Omaha District Contract Review Board must approve all modifications over \$500,000. For this purpose the "Modification Cover Sheet" was developed. It also serves as a signature approval document, and a checklist for the documentation that is required to be included in the modification package.

n. Contractor's Statement of Release, otherwise called the exclusion clause, is required on all settled modifications to close the transaction. FAR 43.204(c)(2) prescribes a release clause for contract modifications. The FAR statement doesn't exactly fit the construction contract modification situation. Therefore, the clause has been rewritten – leaving the meaning and intent of the clause intact. It becomes the last paragraph on the SF30. There are two recommended specially written clauses that may be used to satisfy this FAR requirement. The preferred clause is as follows:

*"It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and, extended field and/or unabsorbed home office overhead."*

If agreement with the contractor cannot be reached on the above release clause because of concern about cumulative impacts, the following clause may be substituted:

*"It is understood and agreed that the adjustments to the contract price and time for performance set forth herein is inclusive of all costs and delay(s) incurred by the contractor as a consequence of this modification. Such costs include, but are not limited to, those for labor, materials, equipment, delay, labor inefficiency, extended field overhead, and extended and/or unabsorbed home office overhead. Notwithstanding the foregoing, costs incurred by the contractor as the result of the effects of the issuance of cumulative modifications are not included herein."*

### Verification of Budgeted Funds (CMS Mod Update Screen)

Oracle Developer Forms Runtime - Web

MODS\_W03 MODS\_W03 Update Mod Information

Contract No: DAC405-01-C-0002 Family Housing - 116 units - Ph 7 Basic and Ph 6 Option 5

Status: CEX Requested Status: CEX Class: IV Mod Type: REQ\_MOD

Mod No: R 21 Desc: Revise tubs on accessible units

Parent Mod No: Unilateral? Yes No Eng Design? Yes No Value Eng: Eng Dir Sched No:

SPS Mod No: A 15

Suspense Date: Date MMA Sent: 20-MAR-2002 Date PR&C Sent:

Government Estimate Req'd? Yes No

Phase No.	Days	Completion Date

View Status Window  
View Notes Window  
View List of Claims  
View Other Screens  
Execute a Report

Work Item	Oblig No.	Desc.	Request Amount	Funds from Mgt Reserve? Yes No	Budgeted Amt
F7C02B	0001	01-FHAF/Ph 7 Minot AFB (116 U)	19,020.00	Yes No	19,020.00

View CWE

Contract Number must be queried on this screen.

nd: 1/1

Figure A-11

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## Commitment Document (CEFMS PR&C)

PURCHASE REQUEST AND COMMITMENT		PURCHASE INSTRUMENT NO.		REQUISITION NO.	DATE	PAGE
For use of this form, see AR 37-1; the proponent agency is Hq Dept. ARMY				M5980G1168571	18Mar2002	0001
TO: Purchasing and Contracting Officer		THRU: MILITARY BRANCH		FROM: BLACK HILLS AREA OFFICE		
It is requested that the supplies and services enumerated below or on attached list be:						
PURCHASED FOR: BLACK HILLS AREA OFFICE		DELIVERED TO: SEE LINE ITEM BELOW				NOT LATER THAN (DATE) SEE LINE ITEM BELOW
The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)				NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION JOHN STORRE		TELEPHONE NUMBER 402-221-3965
LOCAL PURCHASE AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSED NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY		Fund Certification The supplies and services listed on this request are reasonably chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds are available.		
EMERGENCY SITUATION PRECLUDED USE OF REQUISITION CHANNELS FOR SECURING ITEM				ACCOUNTING CLASSIFICATION AND AMOUNT DAA \$0.00 CONTINUING \$18,443,895.80		
ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	TOTAL COST	SEE LINE ITEM BELOW
9901	21-PN, AP, FPM H20 PE 7/BASIC 110 UNITS MINOT (CONTRACT DCA005-01-C-0002)	.00	LG	\$0.000	\$17,561,765.00	
DEL DATE: 26Apr2001 21 NA 2001 1050.8000		06	2001 08	0061	76600098800	
SHIP TO: NA FPC22B						
DEL TO: MARK MAILANDER						
9902	21-PN, AP, FPM H20 PE 6, OPT 5, 6 UNITS, MINOT (DCA005-01-C-0003)	.00	LG	\$0.000	\$882.10	
DEL DATE: 26Apr2001 21 NA 2001 1050.8000		06	2001 08	0061	00000000000	
SHIP TO: NA HC74F9						
DEL TO: MARK MAILANDER						
THE FOREGOING ITEMS ARE REQUIRED BY THE FOLLOWING: (Check appropriate box and complete item)						
000 CONTRACT TRANSFER FROM SACRAM						
000 NO ACTION BY THE CONTRACTING OFFICER. ITEMS WILL BE OBTAINED BY THE						
000 FINANCE & ACCOUNTING BRANCH (DA FORM 37-1)						
TYPED NAME AND GRADE OF INITIATING OFFICER BRET REED		SIGNATURE		DATE		SIGNATURE JG/SUSAN SCHUMER
TELEPHONE NO. 405-341-3169		DATE		DATE		18Mar2002
TYPED NAME AND GRADE OF SUPPLY OFFICER		SIGNATURE		DATE		

DA FORM 3953, MAR 91

REMARKS CONTINUED:  
000 CONTRACT NO. DCA005-01-C-0002  
001 REVISIONS, ELEVATION REVISIONS, \$291,323.00, DCA005-01-C-0002  
002 REVISIONS, CONSTRUCT SIX UNITS, \$1,099,000.00, DCA005-01-C-0002  
003 REVISIONS, REMOVE UNSUITABLE OILS - 183 DELIC, DCA005-01-C-0002  
004 REVISIONS, REPLACE FLOOR SLABS - 102 LILAC LANE, DCA005-01-C-0002  
005 DCA005-01-C-0002, FAMILY HOUSING REPLACEMENT, DCA005-01-C-0002  
006 REVISIONS, CLOSET AND DOOR CHANGES, \$6,432.80, DCA005-01-C-0002  
007 REVISIONS, REVISE TUBS ON ACCESSIBLE UNITS, \$19,800.00, DCA005-01-C-0002

Note: The convention is to list the modification number relating to the incremental commitment action in the notes of the PR&C along with the description and amount.

Figure A-12

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES
		Construction	1   2
2. AMENDMENT/MODIFICATION NO. A00015	3. EFFECTIVE DATE SEE BLOCK 16C	4. REQUISITION/PURCHASE REQ. NO. W59XQG11168571	5. PROJECT NO. (If Applicable)
6. ISSUED BY CODE	7. ADMINISTERED BY (If other than item 6) CODE		
Black Hills Area Office USAEED, Omaha CENWO-CD-BH 631 Saint Anne Street, Suite 101 Rapid City, SD 57701-4667		See Item 6	
8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code)  R&R Joint Venture PO Box 2045 Minot, ND 58702-2045		9A. AMENDMENT OF SOLICITATION NO.  9B. DATE (MM/DD/YYYY)  10A. MODIFICATION OF CONTRACT/ORDER  DACA05-01-C-0002 NA  10B. DATED (MM/DD/YYYY) 29 Mar 2003	
CODE	FAMILY CODE	11. THIS ITEM APPLIES ONLY TO AMENDMENTS OF SOLICITATIONS	
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 11. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified for receipt of Offers. By <input type="checkbox"/> receipt of this amendment, each copy of the offer submitted; or (c) <input type="checkbox"/> preparation or telegraphic inclusion of this amendment in the offer. FAILURE TO ACKNOWLEDGE AMENDMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS, PRIOR TO THE HOUR AND DATE SPECIFIED, WILL RESULT IN REJECTION OF YOUR OFFER. By virtue of this amendment, the hour and date for receipt of offers is extended, and change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA 57-NA-2001-0000 0000 Contract Amount increased \$0,000.00.			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS SUCH AS THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
X A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) IN ITEM 14 ARE (Specify authority).			
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT ADMINISTRATIVE CHANGES (Such as changes in paying office, SET FORTH IN ITEM 14. THE AUTHORITY OF FAR 101-11.6(B)).			
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO BY THE AUTHORITY OF			
D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is required to sign this document and return original and 3 copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)  Contract for Minot Family Housing Replcmnt, Minot at Minot AFB, ND. Reference No. R00021 CR021 Revise tubs on accessible units See Page 2.			
15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		Mark Mailander Administrative Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)	03/18/2002	BY (Signature of Contracting Officer)	03/18/2002

NSN 7540-01-152-8070 30-105-2 STANDARD FORM 30 (REV. 10-83)  
PREVIOUS EDITION UNUSABLE  
PRESCRIBED BY GSA  
FAR (48 CFR) 53.243

Figure A-13

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MODIFICATION OF CONTRACT		DATE SIGNED	PAGE OF PAGES	
		See Block 16C	2	2
Contract No:	DACA05-01-C-0002 NA	Reference No. R00021		
Modification No:	A00015			
Contractor:	R&R Joint Venture			
Contract Title:	Minot Family Housing Replcmnt, Minot			
Location:	Minot AFB, ND			

14. DESCRIPTION OF MODIFICATION (Continued)

**A. SCOPE OF WORK**

**CR021** Revise tubs on accessible units  
Revise tubs on accessible units

**B. CHANGE IN CONTRACT DRAWINGS**

None

**C. CHANGE IN CONTRACT SPECIFICATIONS**

2. SPECIFICATION CHANGE: Revise specification paragraph 01011-2.a. (1) to read:

"2.a.(2). (a). Accessible housing units shall be designed in such a way that they may be easily and readily modified to accommodate physically challenged occupants, if necessary at the time of occupancy. This means required access clearances, room sizes, bathroom layout, kitchen layout, doors and hardware, grab bars, plumbing hookups, light switches and outlets, controls, warning devices, bath tubs (and their controls and shower units) must meet requirements at the time of construction. Readily modifiable means that requirements for adjustable height cabinets and work surfaces, plumbing fixtures (except bath tubs) and the warning devices for hearing and visually impaired can be made exterior to the time of construction or at the time of occupancy."

**D. CHANGE IN CONTRACT PRICE**

Total contract price is increased by \$19,020.00.

New CLINs

CLIN No.	DESCRIPTION	QUANTITY	UNIT PRICE	CHANGE AMOUNT
0021M1	Revise tubs on accessible units	1.00 LS	\$19,020.00	\$19,020.00

Total Change Amount \$19,020.00

**E. CHANGE IN CONTRACT TIME**

The contract completion date shall remain unchanged by this modification.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and extended field and home office overhead.

o. Index. This is recommended for use as a checklist for the documentation required to be included in the modification package. It indicates the proper chronological sequence of the documents as required by CB 98-9. Incorrect dating can only call into question the validity of the modification procedures being practiced.

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FAMILY HOUSING REPLACEMENT  
Minot AFB, ND  
CONTRACT DACA05-01-C-0002  
R&R JOINT VENTURE

**Modification R00021**  
**Revise tubs on accessible units**

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TAB 2.	PR&C
TAB 3.	Price Negotiation Memorandum & Memorandum of Understanding
TAB 4.	Contractor's Revised Proposal
TAB 5.	Negotiation Objectives Memorandum
TAB 6.	Proposal Analysis
TAB 7.	Contractor's Original Proposal
TAB 8.	Request for Proposal
TAB 9.	Necessity for the Change & Initial Funding Document
TAB 10.	Background Material





US Army Corps  
of Engineers  
Omaha District  
Black Hills Area Office

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# FAMILY HOUSING REPLACEMENT



CONTRACT DACA05-01-C-0002  
Minot AFB, ND

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## MODIFICATION R00021

Figure A-15

5. Required Documents. The required documentation is based on the price of the individual modification and is tabulated below:

	<u>Modification Amount</u>		
	<u>Under \$100K</u>	<u>\$100K to \$500K</u>	<u>Over \$500K</u>
Modification (SF30)	X	X	X
Price Negotiation Memorandum	X	X	X
Prenegotiation Objectives	X	X	X
Proposal Analysis	X	X	X
Contractor's Proposal	X	X	X
Request For Proposal	X	X	X
PR&C (Funding Document)	X	X	X
Government Estimate		X	X
Background Material	X	X	X
Certificate of Current Cost & Pricing Data*			X
Audit (SF1411)	Not mandatory - required based on ACO judgment		
Modification Cover Sheet			X

\*Required for modifications over \$550,000.

a. Modifications Under \$100,000. When the aggregate amount of the settled modification is under \$100K the following documentation is required:

(1) Modification (SF30) signed by the Administrative Contracting Officer and the contractor. The SF30 should contain the complete detailed statement of work and associated drawings and/or sketches. In most cases, the SF30 serves as the Notice to Proceed.

(2) Corps of Engineers Financial Management System (CEFMS) Purchase Request & Commitment (PR&C) document indicating funds approval and commitment. The PR&C must

be approved and certified. The PR&C should contain a remark referencing the modification number, price and time.

(3) A Price Negotiation Memorandum (PNM) documenting the complete history of the negotiations. The PNM should include the principal elements of the negotiated agreement and explain the rationale behind the final settlement of the price and time. The PNM should discuss all proposals that were received. Reference should be made to the resolution of each negotiation objective. The PNM should contain a statement that the settled price is considered to be fair and reasonable. The PNM should be signed and dated by the negotiator.(FAR 15.406-3)

(4) A Prenegotiation Objectives Memorandum (POM) detailing all items/costs to be discussed in negotiations. The NOM must be signed and dated prior to actual negotiations. (FAR 15.406-1)

(5) Proposal Analysis should consist of one or more of the following techniques (FAR 15.404):

(a) Price Analysis is the evaluation of price with little consideration of the cost elements. This method usually compares the Government Estimate with the contractor's proposal to determine the reasonableness of the proposal's total price.

(b) Cost analysis is an examination of the individual components and profit of the contractor's proposal. It is also used to verify questionable elements of the price. A cost analysis is required when cost or pricing data is submitted as part of the contractor's proposal.

(c) Technical analysis is an evaluation of the technical aspects of the work to be done including both the materials and the construction procedures. It is the primary process used to evaluate the contractor's proposal to verify the scope, materials and methods that form the basis of the actual costs, and the indirect costs such as overhead.

(6) Contractor's proposal including all cost and pricing data. Copies of all subcontract proposals should also be included.

(7) Verification of Availability of Funds indicating the availability of funds equal to or greater than the Government estimate. The Contracting Officer must verify and document that sufficient funds are budgeted in the Current Working Estimate. Availability of funds should be ascertained prior to issuance of the RFP. See Figure A-11 for an example verification.

(8) Request for Proposal describing the work to be done, including all plans, specifications

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and sketches (FAR 15.203).

(9) Background Material describing the need for the change. This usually takes the form of a Necessity for Change document. The Necessity for the Change should include the Resident Management System reason code.

b. Modifications Over \$100K and under \$500K. When the aggregate amount of the settled modification is greater than \$100K and less than \$500K the following additional documentation is required:

An Independent Government Estimate signed and dated prior to negotiations.

c. Modifications Over \$500K. When the aggregate amount of the settled modification is over \$500K the following additional documentation is required:

(1) Certificate of Current and Pricing Data (FAR 15.406-2). This is only required if the proposal is \$550,000 or greater.

(2) An audit of the contractor's proposal. The District Office will issue all requests for audit. Audit requirements are not mandatory and are up to the discretion of the CO or ACO.

(3) Modification Cover Sheet that will be signed by the Contract Review Board.

d. Reportable Audits: Guidance Memorandum CA 99-04 dated 30 September 1999, subject: Reportable Audits and Contract Audit Follow-Up as Required by DOD Directive 7640-2, provides additional information on this topic. Requests for audit shall be copied to CENWO-CD-CA along with supporting documentation. CA Branch will coordinate with CENWO-CT-B semi-annually on audit status. Audit information should be forwarded to Contract Administration Branch 30 days after resolution of audit findings and recommendations or by the 25<sup>th</sup> of August or February each year.

CEMRO-CT

September 15, 1999

SUBJECT: Request for Audit assistance.

Defense Contract Audit Agency  
San Fernando Valley Office  
6230 Van Nuys Blvd.  
Federal Building 2N10  
Van Nuys, CA 91408

1. The U.S. Army Corps of Engineers has a fixed-price construction contract with ABC Construction Co. to construct a hospital at Ft. Carson, Colorado (Contract No. DACA45-99-C-000). The contract amount is \$68,980,870. A modification (P00007) was issued to the contractor under the Changes clause (FAR 52.243-4) to add masonry support steel that was deleted from a preceding contract. The modification involves masonry and framing work by the prime contractor, and subcontractor work for structural steel fabrication by EXITS Fabricators and steel erection by QTS Erectors. The total contractor's proposed cost of this modification is \$654,980.
2. Cost or pricing data has been received from each of the contractors significantly affected by this modification and the factual items identified on the price analysis spreadsheet are requested to be verified by audit.
3. It is requested that the following cost items be verified by audit as identified on the contractor's proposals:
  - a. The Prime Contractor's (ABC Construction Co.)
    - (1) Home Office Overhead proposed rate of 8.3 percent.
    - (2) Extended Overhead proposed rate of \$3200 per day.
    - (3) Bond rate of 1.5 percent.
  - b. The Steel fabrication subcontractor's (EXITS Fabricators)
    - (1) Home Office Overhead proposed rate of 15 percent.
    - (2) Extended Overhead proposed rate of \$600 per day.
    - (3) Shop labor rate of \$22.34 per hour.
  - c. The steel erection subcontractor's (QTS Erectors)
    - (1) Home Office Overhead proposed rate of 15 percent.
    - (2) Extended Overhead proposed rate of \$800 per day.
    - (3) Fabrication labor rate of \$23.45 per hour.

Figure A-16

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4. Point of contact for the technical matters in this request is Mr. John Hetager at 719-555-4343.
5. It is requested that the final audit report be furnished to the Contracting Division, U.S. Army Corps of Engineers, 215 North the Street, Omaha, NE, 68102.

Sincerely,

John Haskell  
Contracting Officer

Enclosures

1. Ltr, ABC Const., 12 Jan 86
2. ABC Const. cost proposal
3. ABC Const. SF 1411
4. XYZ Fabricators cost proposal
5. XYZ Fabricators SF 1411
6. QRS Erectors cost proposal
7. QRS Erectors SF 1411
8. Tech Analysis Spreadsheet

SAMPLE

Figure A-16 (Cont'd.)

6. Modification Process. There are several other items that must be considered when processing construction contract modifications.

a. The Negotiations. The process leading up to the negotiations consists of the independent preparation of the Government estimate; the comparison of the GE to the contractor's proposal to determine the major cost item differences; revising the GE, if warranted; and finally, establishing objectives to be used in negotiations.

(1) The negotiations are usually conducted over the phone or in the Government office with the intention of reaching an agreement on both price and time, but, there are times the contractor's proposal and the GE are so far apart that the parties cannot settle to the satisfaction of either party. During negotiations it must be kept in mind that the mod must get settled and executed within the available funding limits and the job must not be delayed to avoid schedule impacts.

(2) If all reasonable efforts to settle are futile, the change can be issued as a unilateral modification, but the problems of settling the costs may not go away. The disputed items may have to be faced later as a claim.

b. Credit Modifications. Changes that delete work are sometimes hard to settle, not only because the contractor is reluctant to give back the value of the deleted items but even more reluctant to give back the mark-ups (overhead and profit) that accompany the deleted work.

(1) The guidance says that we should expect to receive a credit for deleted items equal to the cost the contractor would have had to pay if it were not deleted and should not necessarily be based on the price the contractor had in his bid. This "would have cost" rule is appropriate for all cost items in a credit modification.

(2) The amount of overhead you can expect to receive from a deleted item of work is what you would have paid if that same item of work were added. That is, if the overhead rate for added work is 5 percent, then the same 5 percent overhead rate should be applied to deleted work. The contractor may be entitled to direct costs that occurred as a result of the credit modification (mod preparation costs, travel, etc.).

(3) Profit should be computed by the weighted guidelines method just as if it were added, not deleted, work. Some adjustment can be made to allow for the fact that the contractor, because of the high contract price, used a lower profit rate in his bid.

c. In-Scope vs. Out-of-Scope Changes. The subject of in-scope vs. out-of-scope changes is one that has many differences of opinion as to how it should be interpreted. The regulation states

the Contracting Officer can only make in-scope changes under the Changes Clause. Any out-of-scope changes must be supported by justification and approval in accordance with FAR 6.302. Upon approval, and completion of notification period if applicable, the change is executed as a "supplemental agreement", meaning that both parties have to agree to the terms and conditions of the change before it can be executed. Out-of-scope modifications cannot be issued unilaterally. Issues involving the question of contract scope should be forwarded to the District. Office of Counsel may be called upon for assistance.

d. Brand Name Specification. This procedure is allowed when expedience is crucial to the execution of the change and it follows the intent of the Material and Workmanship clause (FAR 52.236-5). If a proprietary specification is required, appropriate justification and approval action must be obtained prior to issuing the modification RFP and, if approved, it must be stated that only the specific named product may be used and no other will be considered, or words to that effect.

e. Modification cancellations. Modification numbers may be reused if an RFP has not been issued to the contractor, and the reuse of the number will not impact prior funds budgeting. If it cannot be reused, then the modification number should be cancelled. The ACO will send a modification cancellation letter to the contractor with appropriate copies officially canceling the modification number and recording it in construction automated systems.

f. Design errors and determination of damages. Engineering changes to the construction contract require a review and determination of damages to the Government over and above added value of the change. This determination must be documented and coordinated through the Contract Administration Branch in an expeditious manner. See OM 1180-1-6, Design Error Modification and Architect Engineer Responsibility.



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Contract Resources Section

Serial No. 4

SUBJECT: Contract No. DACA45-99-D-0009, Task Order No. 8, WWTP Upgrade,  
Fort Carson, CO  
(CANCEL MODIFICATION R00004)

Martinez International Corporation  
2260 South Xanadu Way, Suite 350  
Aurora, CO 80014

Gentlemen:

Modification Number R00004, Mudjacking Mod and Demob, to subject contract is hereby canceled and will not be reassigned under this contract.

Sincerely,

**Robert J. Michaels**

Administrative Contracting Officer

PARKER \_\_\_\_\_  
ELLIS \_\_\_\_\_  
MICHAELS \_\_\_\_\_

CF:  
RE, FCN  
PE, FCN

FILE COPY

CENWO-CD-CA  
CENWO-CD-QT  
CENWO-CT-M (Official File)  
CENWO-RM-F  
CENWO-PM-M  
CENWO-ED-D  
CENWO-CD-QC

CRS – R00004

READ FILE

Figure A-17